Special Issue

How A Friend of Hitler's New Order Reappeared After the War as A Wilsonian

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What The New Biography of Dulles Discreetly Left Out

I

In an official portrait, no one is surprised to find a wen missing or a wrinkle retouched. But John Robinson Beal's carefully posed biography of John Foster Dulles goes so far in omitting here and shadowing there that Mr. Dulles often becomes downright invisible. Mr. Beal is not content to add a little rouge. He blacks out whole areas of a half century's career. Esthetically, this may be defended as an improvement on the original. As history, it is conspicuous—and most revealing—in its gaps.

The Beal biography is rewarding when studied for its omissions. I want to begin with an early, hitherto unpublished chapter in the life of our hero. A good novelist, a different kind of biographer, might see in it the *leitmotif* of the whole story, from which all the rest naturally unfolded. It involves the relations—if we may use so pompous a term—between Mr. Dulles and the Wilson Administration.

Now A Wilsonian

In recent years Mr. Dulles has begun to portray himself as a Wilsonian though the description might have startled his friends in the 20's. This biography begins by claiming that Mr. Dulles was "one of five close advisers to Woodrow Wilson at the Versailles Peace Conference," a somewhat heightened description of his actual role on the Reparation Committee.* The book ends by describing Mr. Dulles as "one who absorbed Wilson's idealism at Versailles" and "spent a lifetime trying to digest that experience" in the quest for a "durable peace."

Mr. Dulles in telling his biographer the story of his first diplomatic mission, in 1917, perhaps failed to mention that it involved a sharp and fundamental difference of opinion between the young Mr. Dulles and his idol. This incident, at the very start of a young man's career, his first assignment for the State Department he was one day to head, deserves fuller if less glamorous treatment than Mr. Beal decided to give it.

Mr. Dulles was already working for Sullivan & Cromwell. Mr. Beal relates that in 1917 Mr. Dulles went to Central America on a dual errand. He had business to do for his law firm and "a special agent's commission from the State Department." President Wilson was anticipating America's entrance into the war and he wanted to make sure that Panama would synchronize its policy with ours. "In addition," Mr. Beal writes, "it was known that German spies were operating in Central America, and Wilson wanted arrangements made to round them up when the time came."

Mr. Beal says Mr. Dulles carried out his mission in Panama and "the spy hunt was satisfactorily accomplished, too." Mr. Dulles "pursued the roundup into Costa Rica and Nicaragua on horseback." His biographer adds that "because of the danger involved, President Juan Tinoco of Costa Rica insisted on presenting Dulles with a 38-calibre Smith & Wesson revolver." Then, as an urbane dinner table anecdote should, the story strikes a note of amused depreciation. Mr. Dulles used the gun in self-defense only once, against a wildcat, but still takes it along to Duck Island on his vacations for target practice. So Mr. Beal's version of the incident ends.

A Different Kind of Intervention

I found this account frustrating, though romantic. My curiosity had already been piqued by an earlier version of the same incident in a talk made by Mr. Dulles to the American Academy of Political and Social Science, and printed in its Annals for July, 1929. Mr. Dulles spoke on "Conceptions and Misconceptions Regarding Intervention." In 1929 there was hardly a country in Central America and the Caribbean where we had not landed Marines at one time or another to enforce obligations to U. S. bankers and business men. But Mr. Dulles did not talk of that kind of intervention. His theme was that the refusal to recognize a government was also a form of intervention, and as such to be condemned. Mr. Dulles cited the seizure of power by General Tinoco in Costa Rica in 1917, and his eventual overthrow because the U. S. refused to recognize him.

"I was in Central America at the time," Mr. Dulles related in 1929, "and investigated that situation for the State Department and made a report which went to the President. I may say that my report recommended a recognition of the revolutionary government, and this recommendation although adopted by the State Department, was not acceded to by the President."

Why Did Wilson Disagree?

All of this was omitted in Mr. Beal's account. The omission piqued my curiosity. What kind of a man was Tinoco? Why did Wilson reject the Dulles recommendation that Tinoco be recognized? I decided to have a look into those annual volumes of documents on foreign relations which the State Department publishes after the events have safely passed into history. In the 1917 volume, I found a great deal about the Tinoco revolution in Costa Rica but no reference to Mr. Dulles or to a report recommending recognition. There was no evidence to support Mr. Dulles' recollection that the Department had ever adopted any such recommendation. On the

(*Continued on Page Two*)

*** Harold Nicolson's memoir of Versailles, "Peacemaking, 1919," mentions Allen Dulles in passing but not John Foster.**

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contrary the cables exchanged between the U. S. legation in Costa Rica and Secretary of State Robert Lansing (Mr. Dulles' uncle) were unremittingly hostile to Tinoco.

Why They Overthrew Tinoco

The very first report to Washington the day Tinoco overthrew the legally constituted government of Gonzalez, our Minister in Costa Rica laid bare the kind of a revolution this was. "Gonzalez," he cabled (p. 304-5), "is recognized as honest and well intentioned and Tinoco as an accomplished but unscrupulous man. Gonzalez' excellent land and income tax measures excited the hostility of the privileged classes."

The Costa Rican Minister in Washington protested to the State Department (p. 312) against "the notable assistance given to Tinoco by the American concern known as the United Fruit Company." The Costa Rican Minister said Tinoco was a friend of Minor C. Keith of United Fruit, and that Keith objected to the new income taxes enacted by Gonzalez and was angry because Gonzalez had rejected a project that would have given Keith "control over all the water-power of the country."

The old official records even throw some light on Mr. Dulles' romantic story of how he rounded up the German spies in Costa Rica with the help of Tinoco's pistol. A naval intelligence report (page 236 of the 1918 volume) informed Washington that whenever anyone in Costa Rica criticized the new regime he was promptly thrown in jail as a German spy. "In the meantime," the naval intelligence report added, "the real German spies go unmolested. . . ."

Wilson in a famous speech at Mobile in 1913 had promised an end to "dollar diplomacy." In refusing to recognize Tinoco that pledge, for once, was honored. The U. S. helped Costa Rica rid itself of the only dictator it had known since the 1870's. This is what Mr. Dulles years later was still criticizing as a form of intervention, as indeed it was, though not the kind Sullivan & Cromwell's clients favored.

II

The Tinoco affair is of a piece with another revealing incident Mr. Beal omitted, Mr. Dulles' speech at Glen Falls, N. Y., during his unsuccessful campaign against Lehman for the U. S. Senate in 1949. Mr. Dulles was barnstorming upstate New York against the Fair Deal, attacking "handouts to teachers" and "handouts to farmers," warning that Federal aid to education would lead to thought control, and attacking Lehman's ALP supporters as communistic. At Glen Falls Mr. Dulles said that unless the trend to statism were checked, a new revolution would be required. "I don't believe that we need to have a violent revolution, certainly not today," Mr. Dulles said in one of his few incautious moments. "The people still have it in their power to check this thing, but if we don't do it and do it soon, we will have to fight our way back, as Thomas Jefferson said, through revolution."* (Every reference based on the full report next day in the New York Times, Sept. 30, 1949.) This was a rare glimpse of the emotional anti-New Dealer behind the casuistical surface. A revolution against social reforms brought about by majority will in a free society is a counter revolution like that fought by Tinoco in Costa Rica and later by Hitler and Mussolini. Mr. Dulles' instinctive friendliness in the 30's to the world counter revolution waged by the Axis powers is also blacked out in the Beal biography.

Honored Guests of Hitler

On the contrary, the unwary would gather the impression that Mr. Dulles was so antagonized by the persecution of the Jews that in his own way he participated in the anti-Nazi boycott. Here is Mr. Beal's swift and dulcet summary of Mr. Dulles' activities in the 20's and 30's. "Late in the 1920's," Mr. Beal relates, "the firm [Sullivan & Cromwell] had been taking on representation of American companies, and bankers having European activities, and opened offices in Paris and Berlin. Dulles visited these capitals on the average twice a year, dealing in Berlin with Hjalmar Schacht, president of the Reichsbank. On one trip, shortly after Hitler came to power, as a result of the negotiations Dulles was conducting with his bank official, Hitler invited Foster and Jane Dulles to attend a Walter Gieseking concert with him. It was the only time Dulles ever met Hitler. Because of Hitler's persecution of the Jews, and the increasing difficulty of determining which German firms were involved with the Nazi government, Dulles discussed with his partners the advisability of getting out of business in Germany. The Berlin office was closed in 1934 and German firms were notified that Sullivan & Cromwell wished to sever further connections."

* **"It is not likely that Mr. Dulles' words will result in an outpouring of Union Leaguers to man the barricades in the streets," the Madison (Wis.) Capitol-Times commented (Oct. 5, 1949), "so he will probably avoid prosecution because of the 'clear and present danger' rule. But we confess some difficulty in straightening out legal distinctions between his position and that of the 11 Communists who are now being tried in New York for advocating forcible overthrow of the government."**

How Dulles With Brilliant Casuistry Explained Away Axis Conquests

"This sequence of events [the seizure of Manchuria, the conquest of Ethiopia and the annexation of Austria and the Sudetenland], which we can trace in the case of Japan, Italy and Germany, is precisely that which we ought to have expected. . . . By intelligent planning and by utilizing other avenues of change, we could have prevented the dynamic pressure from becoming explosive and have assured that the territorial changes, if they ultimately proved inevitable, would have occurred as a matured development, naturally and easily. . . . We need to develop in world affairs a feeling that change is not, per se, something abnormal and strange. . . . Rather we should look upon change, at least in certain phases of the national domains, as normal and not something about which the world must become greatly excited. . . . The ambitious and dynamic powers bitterly resent a dominant world philosophy under which peace and international morality are equated with the preservation of rigidities which for long operated, as they believe, to protect selfishness [sic!] and to prolong inequities. The mere abandonment by the status quo powers of such a philosophy would soon, if not at once, assure a new and healthier relationship."

—John Foster Dulles, "War, Peace and Change", Ch. X, 1938.

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A Masterpiece of Facial Surgery

This is a masterpiece of facial surgery. One hardly knows where to begin in restoring the subject's original features. The fact is that Sullivan & Cromwell has been representing important German interests for more than half a century. Sullivan & Cromwell played a major part in the German financing operations which grew out of the Dawes and Young Plans. These private loans from 1924 to 1929 averaged over a quarter billion dollars a year. A Justice Department official who took part in the postwar attempt at decartelization in Germany wrote (*All Honorable Men,* by James Stewart Martin, 1950, p. 53), "Two American investment banking organizations handled the bulk of this private lending system for the rebuilding of Germany. They were Dillon, Read & Company of New York and the J. Henry Schroder Banking Corporation. Legal work on the Schroder bank loans was always handled in Germany by the firm of Albert & Westrich*, and in the United States by Sullivan & Cromwell, the firm headed by John Foster Dulles."

When the Hitler regime came in, Mr. Dulles was chosen to negotiate with the new regime on behalf of the American bondholders. The fact that on this visit he and his wife were honored guests of Der Fuehrer is one of the few new facts brought to light in the Beal book; it would have been deadly information in the 1949 Senatorial campaign. On the other hand, it is strange that neither Mr. Dulles nor any of his spokesmen ever before claimed that "because of Hitler's persecution of the Jews," Sullivan & Cromwell closed its Berlin office and notified German firms that it wished to sever connections. A chance to portray himself as a stalwart opponent of anti-Semitism would have been very valuable to Mr. Dulles in the New York campaign.

The Record of the 30's

Mr. Dulles, if he indeed felt that way about Hitler's persecution of the Jews, kept it a secret on his return from Berlin. Sullivan & Cromwell continued to act as counsel for the J. Henry Schroder Banking Corporation which Time Magazine in 1939 described as "an economic booster of the Axis" and Allen W. Dulles continued to serve as one of its directors. The close relations between this banking house and I. G. Farben make it difficult to understand Mr. Beal's statement that Sullivan & Cromwell "never represented cartels" and that Mr. Dulles "never had anything to do, directly or indirectly, with the great German chemical firm, I. G. Farben."** Sullivan & Cromwell were counsel for I. G. Farben's lifelong American associate (through two world wars), Ernest K. Halbach in his suit against the Alien Property Custodian in the General Dyestuffs case and in combatting the anti-trust indictments to which General Aniline and General Dyestuffs pleaded nolo contendere. (See Howard Watson Armbruster's monumental work, *Treason's Peace: German Dyes and American Dupes* (1947) for the whole story. Mr. Dulles was a director of International Nickel, which was sued by the government in another anti-trust cartel action for a price fixing alliance with I. G. and for illicit aid to German rearmament.

"Some Casual Readers . . ."

"War, Peace and Change was a profoundly philosophical book. . . . Some casual readers—and it is impossible to absorb the book's message casually — interpreted it as an apologia for Hitler and Mussolini, which it is not."

—Beal's biography of Dulles, p.17.

"In a speech at Ohio Wesleyan University in 1942 . . . he [Dulles] rejected union of the democracies: 'Indeed, the unordered interdependence which leads to war actually is found largely between the democratic and non-democratic countries. . . . The so-called "democratic" nations are, generally speaking, the richer and more satisfied. The non-democratic nations are, usually, the poorer nations. Thus a federation of the so-called democracies would, to others, appear as a banding together of the well-to-do to maintain the status quo.' . . . In speeches such as this he enlarged, refined, and added to the basic theory be outlined in War, Peace and Change."

—Beal's biography of Dulles, pps. 18, 19, 20.

Moralist In Action

During the war, with his happy facility for occupying dual roles, Mr. Dulles was at one and the same time adviser to the Alien Property Custodian and a key figure in an unsuccessful cloaking operation: the voting trust agreement by which German Bosch sought to hide its continued ownership of American Bosch, which controlled the output of fuel injection equipment for naval diesel engines. (Martin, p. 250). Today Mr. Dulles is the one top official of the government (neither the President nor the Attorney General agrees with him) who favors return of I. G. Farben's American properties, despite the Paris reparations accord of 1946 in which we agreed with our Western allies to hold vested Nazi properties in lieu of reparations. Mr. Dulles told the Senate Judiciary Committee in 1954 it could ignore the Paris pact because it was an executive agreement rather than a treaty and therefore did not bind the Senate, a curious argument for so indefatigable an international moralist. This, too, is not to be found in the Beal biography.

*** This firm has an ancient, if not honorable, history. The senior partner, Dr. Heinrich Albert, came to the U. S. in 1914, supposedly as a German commercial attache and raised "something over thirty million dollars from American sources friendly to Germany to finance the espionage and sabotage activities which Franz von Papen directed in the U. S. during World War I." (Martin, p. 52). The junior partner, Dr. Gerhart A. Westrich, came here in 1940 via Siberia as von Ribbentrop's emissary to contact American big business men and was forced to leave after his activities were exposed by the New York Herald-Tribune. "I don't believe he has done anything wrong," Mr. Dulles told that newspaper at the time. "I knew him in the old days and I have a high regard for his integrity." (See N. Y. Herald-Tribune, April 13, August 1, 2, 3 & 10, 1940 and N. Y. Times, Aug. 10, 11 & 24, 1940). All this, of course, was omitted from the Beal biography.**

**** "The J. Henry Schroder Banking Corporation and its law firm, Sullivan & Cromwell, had handled the banking and legal business of the General Aniline firm from the time it was first set up as the American I. G. Chemical Corporation. Throughout the war, Allen W. Dulles, a partner in Sullivan & Cromwell and until 1944 a director of the Schroder bank in New York, headed the European mission of the Office of Strategic Services in Switzerland; and V. Lada-Mocarski, vice-president of the Schroder bank, was a United States consul in Switzerland." (Martin, pp. 67-68).**

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III

Mr. Dulles is like the iceberg, in that so little of him appears above the surface. The full story of his activities in the 30's may never come to light, but the little that is known shows that he was one of those who believed in coming to terms with the New Order represented by the Axis. One of Mr. Beal's interesting omissions is the article by Mr. Dulles published in the *Atlantic Monthly* for October, 1935, called "The Road to Peace." The road to peace, in Mr. Dulles' opinion, was the appeasement of the Axis powers. Mr. Beal relates that in 1937 Mr. Dulles attended a European conference and "was dismayed by the fact that in seeking to cope with the problems posed by Hitler they [the European delegates] were inhibited by narrow nationalistic considerations and conventional thought patterns." This is almost verbatim from an earlier sketch of Mr. Dulles by John Chamberlain in *Life* magazine for August 21, 1944, but with a clarifying sentence omitted. This said, "The Rumanians, the Czechs, the Yugoslavs and the Poles among them refused to see the necessity for any alteration of the status quo. . . ." The main obstacle to peace was the unwillingness of the victims to let themselves be carved up.

"Aggression" Was Put in Quotes

In those years the great crime in Mr. Dulles' eyes was devotion to the status quo, an odd position for a corporation lawyer. It made sense only if one's favored clients were Germany, Italy and Japan as "have-not" powers. In the *Atlantic Monthly* article Mr. Dulles disapproved of the non-recognition policy applied by the United States and the League of Nations to (as he phrased it tactfully) "the situation brought about by Japan in Manchuria." He thought Japanese expansion in Asia might reflect "a logical and inevitable tendency" and added icily, "If this were the case, such changes could not be held in suspense until that hypothetical date when China was prepared freely to acquiesce therein so that change could no longer be treated as 'aggression'." The quotations around "aggression" are revealing.

Mr. Dulles talked with Chiang Kai-shek in 1938. Just why Mr. Dulles saw him or what he said is not revealed but Mr. Beal says cryptically, "Dulles concluded that Chiang was a sincere Chinese patriot in the grip of forces beyond his control. . . . This appraisal proved positively shocking to some of his [Mr. Dulles] acquaintances." Just what was shocking about this is not clear unless Mr. Dulles thought Chiang ought to have accepted Japan's current peace offer but could not because he was "in the grip of forces beyond his control."

Hitler Wanted Japan's Hands Freed

I suggest that this was the case. Tokyo at the time had been seeking "through Nazi good offices," (Frederick L. Schuman in his *International Politics*) to negotiate peace with Chiang if he would recognize Manchukuo and accept Japanese "advisers." Mr. Dulles in his own account of his visit with Chiang (in *War or Peace*, p. 225) says the Generalissimo "was at the time under strong pressure to make a compromise with Japan. He discussed it with me. Terms had been offered which would have been very advantageous for him and his government." Neither Mr. Beal nor Mr. Dulles mentions facts which came to light two years ago when the State Department released its volume on *U. S. Foreign Relations, 1938, The Far East.* The U. S. did not think Japan's terms at all advantageous. On the other hand Berlin — looking ahead to war with Moscow—was intensely interested in bringing about a settlement because as our Ambassador in China cabled Secretary Hull, Feb. 28, 1938 (p. 107), "A Germany involved with Soviet Russia can hope for little assistance from a Japan preoccupied with China." It was at this juncture that Mr. Dulles turned up in the Far East to sound out the possibilities of a settlement. A cable from Ambassador Johnson in Hankow dated March 5, 1938, (pps. 119-21) reports a conversation "with Mr. John Foster Dulles, well-known writer and lawyer, on the subject of mediation." A full memorandum on the conversation, sent home at the time by Ambassador Johnson, was withheld.

Whatever Chiang told his visitor, it did not change Mr. Dulles' outlook. A year after that visit, in his famous discussion with Wendell Willkie at the Economic Club in New York, he made the prize remark, "Only hysteria entertains the idea that Germany, Italy or Japan contemplates war upon us." That was March, 1939. This also is, of course, omitted by Beal's biography. I suggest that in these omissions lies the secret of Mr. Dulles' enthusiastic later activity as an architect of the cold war, the framer of a soft peace with Japan and the successful advocate of German rearmament. Hence the blackout in this official biography.

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